

**ASSEMBLY BILL**

**No. 5**

**Introduced by Assembly Member McCarthy**

November 25, 2003

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An act to amend Sections 10753.2, 10753.8, and 11001.5 of the Revenue and Taxation Code, to amend Section 40 of Chapter 91 of the Statutes of 1991, and to repeal Section 210 of Chapter 89 of the Statutes of 1991 and Section 29 of Chapter 100 the Statutes of 1993, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 5, as introduced, McCarthy. Taxes: vehicle license fee.

Existing law provides that the annual vehicle license fee is 2% of the market value, which is adjusted for depreciation.

Existing law also provides that any changes in the manner of computation of the vehicle license fee made during the 1991–92 legislative session, which result in an increase in the amount of the vehicle license fee, would cease to be operative if either of 2 specified contingencies occurred.

This bill would eliminate the contingency provisions that would make these increases in the computation of the vehicle license fee inoperative.

By eliminating the contingency that these increases in the computation of the vehicle license fee may become inoperative, this bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of  $\frac{2}{3}$  of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 10753.2 of the Revenue and Taxation  
2 Code is amended to read:  
3 10753.2. (a) After determining the cost price to the  
4 purchaser, as provided in this article, the department shall classify  
5 or reclassify every vehicle, other than a trailer or semitrailer, as  
6 described in subdivision (a) of Section 5014.1 of the Vehicle Code,  
7 in its proper class according to the classification plan set forth in  
8 this section.  
9 (b) For the purpose of this part, a classification plan is  
10 established consisting of the following classes: a class from zero  
11 dollars (\$0) to and including forty-nine dollars and ninety-nine  
12 cents (\$49.99); a class from fifty dollars (\$50) to and including one  
13 hundred ninety-nine dollars and ninety-nine cents (\$199.99); and  
14 thereafter a series of classes successively set up in brackets having  
15 a spread of two hundred dollars (\$200), consisting of a number of  
16 classes that will permit classification of all vehicles.  
17 (c) The market value of a vehicle, other than a trailer or  
18 semitrailer, as described in subdivision (a) of Section 5014.1 of the  
19 Vehicle Code, for each registration year, starting with the year the  
20 vehicle was first sold to a consumer as a new vehicle, or the year  
21 the vehicle was first purchased or assembled by the person  
22 applying for original registration in this state, or the year the  
23 vehicle was sold to the current registered owner as a used vehicle,  
24 shall be as follows: for the first year, 100 percent of a sum equal  
25 to the middle point between the extremes of its class as established  
26 in subdivision (b); for the second year, 90 percent of that sum; for  
27 the third year, 80 percent of that sum; for the fourth year, 70  
28 percent of that sum; for the fifth year, 60 percent of that sum; for  
29 the sixth year, 50 percent of that sum; for the seventh year, 40  
30 percent of that sum; for the eighth year, 30 percent of that sum; for  
31 the ninth year, 25 percent of that sum; and for the 10th year, 20  
32 percent of that sum; and for the 11th year and each succeeding year,  
33 15 percent of that sum; provided, however, that the minimum tax  
34 shall be the sum of one dollar (\$1). Notwithstanding this  
35 subdivision, the market value of a trailer coach first sold on and



1 after January 1, 1966, ~~which~~ *that* is required to be moved under  
2 permit as authorized in Section 35790 of the Vehicle Code, shall  
3 be determined by the schedule in Section 10753.3.

4 ~~(d) This section shall cease to be operative on the first day of~~  
5 ~~the month following the month in which the Department of Motor~~  
6 ~~Vehicles is notified by the Department of Finance of a final judicial~~  
7 ~~determination by the California Supreme Court or any California~~  
8 ~~court of appeal of either of the following:~~

9 ~~(1) The allocation of funds from the Vehicle License Fee~~  
10 ~~Account or the Vehicle License Fee Growth Account of the Local~~  
11 ~~Revenue Fund established during the 1991-92 Regular Session is~~  
12 ~~in violation of Section 15 of Article XI of the California~~  
13 ~~Constitution.~~

14 ~~(2) The state is obligated to reimburse counties for costs of~~  
15 ~~providing medical services to medically indigent adults pursuant~~  
16 ~~to Chapters 328 and 1594 of the Statutes of 1982.~~

17 SEC. 2. Section 10753.8 of the Revenue and Taxation Code  
18 is amended to read:

19 10753.8. ~~(a)~~ In addition to the license fee for any vehicle  
20 calculated pursuant to Section 10752, a surcharge in an amount  
21 equal to 2.2 percent of the fee under Section 10752 shall be added  
22 to that fee for any initial or original registration of any vehicle  
23 never before registered in this state for which the fees become due  
24 on or after August 1, 1991, and before August 1, 1992, and for any  
25 renewal of registration with an expiration date on or after August  
26 1, 1991, and before August 1, 1992.

27 ~~(b) This section shall cease to be operative on the first day of~~  
28 ~~the month following the month in which the Department of Motor~~  
29 ~~Vehicles is notified by the Department of Finance of a final judicial~~  
30 ~~determination by the California Supreme Court or any California~~  
31 ~~court of appeal of either of the following:~~

32 ~~(1) The allocation of funds from the Vehicle License Fee~~  
33 ~~Account or the Vehicle License Fee Growth Account of the Local~~  
34 ~~Revenue Fund established during the 1991-92 Regular Session is~~  
35 ~~in violation of Section 15 of Article XI of the California~~  
36 ~~Constitution.~~

37 ~~(2) The state is obligated to reimburse counties for costs of~~  
38 ~~providing medical services to medically indigent adults pursuant~~  
39 ~~to Chapters 328 and 1594 of the Statutes of 1982.~~

1 SEC. 3. Section 11001.5 of the Revenue and Taxation Code  
2 is amended to read:

3 11001.5. (a) (1) Notwithstanding Section 11001, and except  
4 as provided in paragraph 2 and in subdivision (b), 24.33 percent  
5 of the moneys collected by the department under this part shall be  
6 reported monthly to the Controller, and at the same time, deposited  
7 in the State Treasury to the credit of the Local Revenue Fund, as  
8 established pursuant to Section 17600 of the Welfare and  
9 Institutions Code. All other moneys collected by the department  
10 under this part shall continue to be deposited to the credit of the  
11 Motor Vehicle License Fee Account in the Transportation Tax  
12 Fund and allocated to each city, county, and city and county as  
13 otherwise provided by law.

14 (2) For the period beginning on and after July 1, 2003, and  
15 ending on July 1, 2004, the Controller shall deposit an amount  
16 equal to 28.07 percent of the moneys collected by the department  
17 under this part in the State Treasury to the credit of the Local  
18 Revenue Fund. All other moneys collected by the department  
19 under this part shall continue to be deposited to the credit of the  
20 Motor Vehicle License Fee Account in the Transportation Tax  
21 Fund and allocated to each city, county, and city and county as  
22 otherwise provided by law.

23 (b) Notwithstanding Section 11001, net funds collected as a  
24 result of procedures developed for greater compliance with  
25 vehicle license fee laws in order to increase the amount of vehicle  
26 license fee collections shall be reported monthly to the Controller,  
27 and at the same time, deposited in the State Treasury to the credit  
28 of the Vehicle License Fee Collection Account of the Local  
29 Revenue Fund as established pursuant to Section 17600 of the  
30 Welfare and Institutions Code. All revenues in excess of fourteen  
31 million dollars (\$14,000,000) in any fiscal year shall be allocated  
32 to cities and counties as specified in subdivisions (c) and (d) of  
33 Section 11005.

34 (c) Notwithstanding Section 11001, 25.72 percent of the  
35 moneys collected by the department on or after August 1, 1991,  
36 and before August 1, 1992, under this part shall be reported  
37 monthly to the Controller, and at the same time, deposited in the  
38 State Treasury to the credit of the Local Revenue Fund, as  
39 established pursuant to Section 17600 of the Welfare and  
40 Institutions Code. All other moneys collected by the department



under this part shall continue to be deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and allocated to each city, county, and city and county as otherwise provided by law.

~~(d) This section shall cease to be operative on the first day of the month following the month in which the Department of Motor Vehicles is notified by the Department of Finance of a final judicial determination by the California Supreme Court or any California court of appeal of either of the following:~~

~~(1) The allocation of funds from the Vehicle License Fee Account or the Vehicle License Fee Growth Account of the Local Revenue Fund established during the 1991–92 Regular Session is in violation of Section 15 of Article XI of the California Constitution.~~

~~(2) The state is obligated to reimburse counties for costs of providing medical services to medically indigent adults pursuant to Chapters 328 and 1594 of the Statutes of 1982.~~

SEC. 4. Section 210 of Chapter 89 of the Statutes of 1991 is repealed.

~~Sec. 210.—Any amendments to the Vehicle License Fee Law, in the 1991–92 Regular Session, which result in an increase in the vehicle license fee paid, shall cease to be operative on the first day of the month following the month in which the Department of Motor Vehicles is notified by the Department of Finance of a final judicial determination by a California court of appellate jurisdiction of either of the following:~~

~~(a) The allocation of funds from the Vehicle License Fee Account or the Vehicle License Fee Growth Account from the Local Revenue Fund established during the 1991–92 Regular Session is in violation of Section 15 of Article XI of the California Constitution.~~

~~(b) The state is obligated to reimburse counties for costs of providing medical services to medically indigent adults pursuant to Chapter 328 of the Statutes of 1982, and Chapter 1594, of the Statutes of 1982.~~

SEC. 5. Section 40 of Chapter 91 of the Statutes of 1991 is amended to read:

Sec. 40. ~~(a)~~—In the event of a final judicial determination by a California court of appellate jurisdiction that the revenues collected pursuant to Sections 6051.2 and 6201.2 of the Revenue

1 and Taxation Code are General Fund proceeds of taxes ~~which that~~  
2 may be appropriated pursuant to Article XIII B of the California  
3 Constitution or allocated local proceeds of taxes as used in  
4 paragraph (2) of subdivision (b) of Article XVI of the California  
5 Constitution, then Sections 6051.2 and 6201.2 of the Revenue and  
6 Taxation Code shall cease to be operative on the first day of the first  
7 month of the calendar quarter following notification to the State  
8 Board of Equalization by the Department of Finance of the  
9 determination.

10 ~~(b) Any amendments to the Vehicle License Fee Law, in the~~  
11 ~~1991-92 Regular Session, which result in an increase in the~~  
12 ~~vehicle license fee paid, shall cease to be operative on the first day~~  
13 ~~of the month following the month in which the Department of~~  
14 ~~Motor Vehicles is notified by the Department of Finance of a final~~  
15 ~~judicial determination by a California court of appellate~~  
16 ~~jurisdiction of either of the following:~~

17 ~~(1) The allocation of funds from the Vehicle License Account~~  
18 ~~or the Growth Account from the Local Revenue Fund established~~  
19 ~~during the 1991-92 Regular Session is in violation of Section 15~~  
20 ~~of Article XI of the California Constitution.~~

21 ~~(2) The state is obligated to reimburse counties for costs of~~  
22 ~~providing medical services to medically indigent adults pursuant~~  
23 ~~to Chapters 328 and 1594 of the Statutes of 1982.~~

24 SEC. 6. Section 29 of Chapter 100 of the Statutes of 1993 is  
25 repealed.

26 ~~Sec. 29. Any amendment to the Vehicle License Fee Law in~~  
27 ~~the 1991-92 Regular Session of the Legislature that results in any~~  
28 ~~increase in the vehicle license fee paid shall cease to be operative~~  
29 ~~on the first day of the month following the month in which the~~  
30 ~~Department of Motor Vehicles is notified by the Department of~~  
31 ~~Finance of a final judicial determination by a California court of~~  
32 ~~appellate jurisdiction of either of the following:~~

33 ~~(a) The allocation of funds from the Vehicle License Fee~~  
34 ~~Account or the Vehicle License Fee Growth Account of the Local~~  
35 ~~Revenue Fund established during the 1991-92 Regular Session of~~  
36 ~~the Legislature is in violation of Section 5 of Article XI of the~~  
37 ~~California Constitution.~~

38 ~~(b) The state is obligated to reimburse counties for the costs of~~  
39 ~~providing medical services to medically indigent adults pursuant~~

1 ~~to Chapter 328 of the Statutes of 1982 and Chapter 1594 of the~~  
2 ~~Statutes of 1982.~~

3 SEC. 7. Notwithstanding any other provision of law, any  
4 amendment to the Vehicle License Fee Law in the 1991–92  
5 Regular Session of the Legislature that resulted in an increase in  
6 the vehicle license fee shall be operative even if there is a final  
7 judicial determination by a California court of appellate  
8 jurisdiction that makes a finding of either of the following:

9 (a) The allocation of funds from the Vehicle License Fee  
10 Account or the Growth Account from the Local Revenue Fund  
11 established during the 1991–92 Regular Session is in violation of  
12 Section 15 of Article XI of the California Constitution.

13 (b) The state is obligated to reimburse counties for costs of  
14 providing medical services to medically indigent adults pursuant  
15 to Chapters 328 and 1594 of the Statutes of 1982.

16 SEC. 8. This act provides for a tax levy within the meaning of  
17 Article IV of the Constitution and shall go into immediate effect.

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